



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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Third District, Rolling Hills Estates

JEROME E. HORTON
Fourth District, Los Angeles

JOHN CHIANG
State Controller

November 16, 2011

KRISTINE CAZADD
Executive Director

Dear Interested Party:

Enclosed is the Initial Discussion Paper on proposed procedure manual revisions regarding local tax reallocations. Discussion regarding this issue is scheduled for the Board's **March 21, 2012 Business Taxes Committee** meeting.

However, before the issue is presented at the Business Taxes Committee meeting, staff would like to provide interested parties an opportunity to discuss the issue and present any suggested changes or comments. Accordingly, a meeting is scheduled in **Room 122 at 10:00 a.m. on December 1, 2011**, at the Board of Equalization; 450 N Street; Sacramento, California.

If you are unable to attend the meeting but would like to provide input for discussion at the meeting, please send your submission to the above address or fax to (916) 322-4530 before the December 1, 2011 meeting. If you are aware of other persons that may be interested in attending the meeting or presenting their comments, please feel free to provide them with a copy of the enclosed material and extend an invitation to the meeting. If you plan to attend the meeting or would like to participate via teleconference, please let staff know by contacting Ms. Lynn Whitaker at (916) 324-8483 or Lynn.Whitaker@boe.ca.gov prior to November 28, 2011. This will allow staff to make alternative arrangements should the expected attendance exceed the maximum capacity of Room 122 and to arrange for teleconferencing.

Whether or not you are able to attend the above interested parties meeting, please keep in mind that the due date for interested parties to provide written responses to staff's analysis is **December 19, 2011**. Please be aware that a copy of the material you submit may be provided to other interested parties. Therefore, please ensure your comments do not contain confidential information.

If you are interested in other topics to be considered by the Business Taxes Committee, you may refer to the "Business Taxes Committee" page on the Board's Internet website (<http://www.boe.ca.gov/meetings/btcommittee.htm>) for copies of Committee discussion or issue papers, minutes, a procedures manual and calendars arranged according to subject matter and by month.

E-file now, find out how . . . www.boe.ca.gov



Thank you for your consideration. I look forward to your comments and suggestions. Should you have any questions, please feel free to contact Ms. Leila Hellmuth, Supervisor, Business Taxes Committee Team, at (916) 322-5271.

Sincerely,



Susanne Buehler, Chief
Tax Policy Division
Sales and Use Tax Department

SB:llw

Enclosures

cc: (all with enclosures)

Honorable Jerome E. Horton, Chairman, Fourth District
Honorable Michelle Steel, Vice Chair, Third District
Honorable Betty T. Yee, Member, First District (MIC 71)
Senator George Runner (Ret.), Member, Second District (MIC 78)
Honorable John Chiang, State Controller, c/o Ms. Marcy Jo Mandel

(Via E-mail)

Mr. Robert Thomas, Board Member's Office, Fourth District
Mr. Neil Shah, Board Member's Office, Third District
Mr. Tim Treichelt, Board Member's Office, Third District
Mr. Alan LoFaso, Board Member's Office, First District
Ms. Mengjun He, Board Member's Office, First District
Mr. Lee Williams, Board Member's Office, Second District
Mr. James Kuhl, Board Member's Office, Second District
Ms. Natasha Ralston Ratcliff, State Controller's Office
Ms. Kristine Cazadd
Mr. Randy Ferris
Mr. Jeffrey L. McGuire
Mr. Jeff Vest
Mr. David Levine
Mr. Bradley Heller
Mr. Robert Tucker
Mr. Cary Huxsoll
Ms. Trecia Nienow
Mr. Todd Gilman
Ms. Laureen Simpson

Mr. Robert Ingenito Jr.
Mr. Bill Benson
Mr. Stephen Rudd
Mr. Kevin Hanks
Mr. Steve Sisti
Ms. Leila Hellmuth
Ms. Lynn Whitaker
Ms. Kim Rios

INITIAL DISCUSSION PAPER

Proposed procedure manual revisions regarding local tax reallocations

Issue

Proposed updates to BOE manuals to incorporate guidelines and procedures related to local and district tax reallocations, including petitions for reallocations.

Background

Regulation 1807, *Petitions for Reallocation of Local Tax*, provides the process for reviewing requests by jurisdictions for investigation of suspected misallocation of local taxes imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law. The similar process for reviewing distributions of taxes imposed under the Transactions and Use Tax Law (commonly called “district taxes”) is provided in Regulation 1828, *Petitions for Distribution or Redistribution of Transactions and Use Tax*. In 2008, Regulations 1807 and 1828 were substantially revised to streamline the appeals process. To further improve and clarify the appeals process, additional revisions to these regulations were approved and authorized for publication by the Business Taxes Committee on August 23, 2011.

BOE’s Compliance Policy and Procedures Manual (CPPM) Chapter 9, Miscellaneous, contains guidance on local and district tax reallocation procedures. Staff revised CPPM Chapter 9 to incorporate the 2008 revisions to Regulations 1807 and 1828; however, the request for Board approval of those revisions was withdrawn when interested parties raised concerns and suggested additional changes. At that time, staff worked with interested parties and made additional revisions to the CPPM; however, some issues remained unresolved. All pending CPPM revisions were postponed when staff began the interested parties process for the 2011 revisions to Regulations 1807 and 1828.

Attached Exhibit 1 includes changes resulting from the revisions of Regulations 1807 and 1828, previously proposed CPPM revisions, and other manual revisions discussed in the recent issue paper process. This issue is scheduled to be presented at the March 21, 2011 Business Taxes Committee meeting.

Discussion of proposed revisions for CPPM

Staff’s proposed revisions to the CPPM are included in Exhibit 1. Because the changes are extensive and difficult to read in a tracked change format, Exhibit 1 provides the proposed amended CPPM sections 901.000 – 906.000 without tracking.¹ The discussion below focuses on issues that staff believes are unresolved and would like to discuss further with interested parties.

Pool notification threshold calculations. CPPM 905.010 explains that a “substantially affected jurisdiction” is a jurisdiction for which the decision on a petition would result in a decrease to its total allocation of 5 percent or more of its average quarterly allocation or of \$50,000 or more, and includes a jurisdiction whose allocation will be decreased as a result of a reallocation from the statewide and countywide pools. The Notified Jurisdiction section further explains how the “Pool Notification Threshold List” is used to identify jurisdictions that should be notified as a

¹ If you would like a copy of the revisions with tracking shown (changes tracked from the current published text of the CPPM) please contact Ms. Lynn Whitaker at Lynn.Whitaker@boe.ca.gov or (916) 324-8483.

INITIAL DISCUSSION PAPER

Proposed procedure manual revisions regarding local tax reallocations

substantially affected jurisdiction because of a pool reallocation. This [list](#) is updated annually by the Local Revenue Allocation Unit (LRAU) and is posted on the BOE website.

In prior comments, interested parties suggested that the CPPM be revised to explain that the petitioner or any substantially affected jurisdiction has the right to review the calculations made to determine the jurisdictions to be notified. Staff has revised CPPM 905.010 to provide that upon request, the petitioner or any substantially affected jurisdiction will be furnished copies of the calculations made to determine the parties to be notified.

Forms BOE-549-L and BOE-549-S. CPPM 905.020 explains when to use forms BOE-549-S, *Claimed Incorrect Distribution of Local Tax – Short Form*, and BOE-549-L, *Claimed Incorrect Distribution of Local Tax – Long Form*, to file a petition for local tax reallocation. In the informal issue paper, staff had discussed limiting the use of the short form BOE-549-S to Tax Area Code (TAC) changes² and use form BOE-549-L for all other petitions. The intention of the proposal was to speed up the initial petition review process by segregating TAC changes. However, staff is now considering whether the short form should be used for more types of changes. Staff would like interested parties to provide their input on this issue.

Staff is also working on revisions to the BOE-549 forms to improve the quality of information provided with submitted petitions. Although those revisions will be handled separately from this discussion paper process, staff will work together with interested parties on the proposed form changes.

Threshold for manually processing fund transfers. Staff proposes revising CPPM 905.020, Submitting Petitions, to explain that the minimum threshold for processing fund transfers is \$250 per quarter. The current \$50 per quarter threshold has been in place since 1990. Staff does not believe it is cost effective for staff to continue to process non-TAC changes of small amounts; staff time would be better spent investigating larger claims. Staff notes that even the simplest non-TAC changes require at least two hours of staff time to process. The proposed \$250 threshold per quarter is also consistent with the Local and District Tax thresholds and reallocation policies applied to field audits since July 2010.

The exception to the proposed threshold would be for TAC changes. In cases where the investigation results in a TAC change, BOE's computer system will continue to automatically process fund transfers for periods that have been funded within two quarters prior to the date of the TAC change regardless of whether the threshold was met in those quarters.

This issue was first discussed in staff's August 12, 2011 [informal issue paper](#) on the proposed revisions to Regulations 1807 and 1828. In their response to that paper, MuniServices, LLC (MuniServices) disagreed that the threshold amount should be changed and The HdL Companies (HdL) recommended the threshold amount be raised to \$100 for petitions other than TAC changes.

² Tax area codes are used by BOE to identify specific jurisdictions and to distribute local taxes to the appropriate jurisdictions. At times, BOE will have a correct address for a taxpayer, but an incorrect tax area code assigned to that address. Jurisdictions may file petitions requesting correction to the tax area code and reallocation of local taxes to the correct jurisdiction.

INITIAL DISCUSSION PAPER

Proposed procedure manual revisions regarding local tax reallocations

Clarify procedures when an SD&R is issued after a hearing is scheduled. CPPM 905.060 explains the review process by the Appeals Division. MuniServices asked that the section clarify what happens when a Board hearing has already been scheduled when a Supplemental Decision and Recommendation (SD&R) is issued. They asked that the section explain that the petitioner need not reapply for a hearing and has the option to proceed with briefing in response to the SD&R or request rescheduling of the hearing. If the petitioner chooses to simply proceed to hearing, it will not have waived its appeal of the matter and can respond to the SD&R in its briefs.

Staff has not revised this section of the CPPM because we do not recall this scenario actually occurring and we are not sure we understand interested parties concerns. We would like to discuss the issue with interested parties before proposing revisions to the CPPM.

Filing response briefs to a “new” argument. Regulation 1807(d)(4) provides that briefs may be submitted for Board hearing in accordance with Regulations 5270 and 5271. CPPM 905.070 explains that if, and only if, a reply brief raises a new issue or argument, any other party may file a response brief. (See Exhibit 1, page 12, paragraph 5 for proposed text.)

Interested parties recommend that “new” be defined to mean “was not raised in the petitioner’s opening brief.” As interested parties understand, the Appeals Division is interpreting “new” to mean “not raised anywhere in the below proceedings” and that as proposed, the CPPM language inhibits the petitioner from making an argument to points raised by the reply briefs, even if failure to mention the issue or argument resulted from a reasonable omission from the opening brief. Interested parties further suggested that if this change cannot be made, then the proposed revision should be deleted.

As indicated by staff, the response brief is not an opportunity to make an argument that could have reasonably been made in the opening brief but rather is an opportunity to respond to an issue raised for the first time in a reply brief. However, since a determination of when there is a new issue or argument requires a case by case review, staff has deleted the proposed revision.

Notify jurisdictions prior to processing a large deallocation. This is a new suggestion from HdL. When BOE completes an audit that results in a refund to the taxpayer, there is no notification to the jurisdiction that will be negatively impacted as a result of the refund. Although the results of such an audit are not subject to an appeal by a city or county, refunds can be large and result in large de-allocation of local tax. Because jurisdictions depend on their local tax revenues to provide services, HdL suggests BOE provide the jurisdiction with a courtesy notice prior to processing the deallocation, perhaps using the same threshold figures that the Allocation Group (AG) uses to notify substantially affected jurisdictions in petitions for reallocation.

Staff would like to discuss this issue with other interested parties before recommending a change to BOE procedures.

INITIAL DISCUSSION PAPER

Proposed procedure manual revisions regarding local tax reallocations

Discussion of proposed revisions for the AG training materials.

Interested parties recommended several revisions to the “Allocation Group manual” which is not a formal manual, but includes guidance to AG staff on specific tasks they perform. Staff considers these guidelines training materials and will revise them to:

- Formalize the guidelines for contacting taxpayers, explaining when the AG auditor should discuss a case with the AG lead and/or the AG supervisor and determine how to proceed on cases where the taxpayer is uncooperative in providing records or when records do not exist.
- Add a discussion about tax rebate agreements: what they are, what types of agreements are encountered, where records of agreements can be found, and how such agreements should be viewed in light of the entire investigation.
- Add a discussion about what to do when there is a discrepancy in the information provided by the taxpayer’s local contact and the taxpayer’s headquarters representatives. Interested parties had recommended that these materials be revised to state that taxpayer’s local representative should always be contacted first to discuss local business affairs. Staff does not recommend this revision because AG staff generally begins their investigation with the contact person noted in the petition, which may not be the taxpayer’s local representative.
- Instruct AG staff to provide a list of questions for field staff to ask the taxpayer when a case is referred to a field office for investigation. This is a current AG procedure, although the questions asked are different for each investigation.

In addition, interested parties had asked that the typical questions AG auditors should ask when verifying a petition be placed in the Allocation Group Manual. Staff does not recommend this change because staff does not believe there are universal questions to verify petitions. The questions depend on the individual case and are different for every case.

Interested parties also suggested several procedures when local tax reallocation petitions are sent to field offices for investigation. Interested parties recommend:

- Investigations be given a priority status similar to a claim for refund,
- AG staff follow up by memo with copies to higher levels of SUTD management as the assignment ages, similar to reports on the status of claim for refund investigations, and
- When a local tax reallocation petition is referred to a field office, field auditors account on their time reports for audit hours spent on local tax investigations and account for delays in completing the investigation.

Staff would like to discuss these suggestions further with interested parties before recommending policy changes.

INITIAL DISCUSSION PAPER

Proposed procedure manual revisions regarding local tax reallocations

Discussion of the appropriate BOE manual for local tax procedures

Staff has previously questioned whether the local tax procedures currently housed in the BOE CPPM would be better placed elsewhere as the procedures include both audit and compliance issues. Staff proposes creating a new manual for local tax procedures that could be accessed from the Local Government Services page on the BOE website. Staff would like interested parties' input on this proposal.

Summary

Interested parties are welcome to submit comments or suggestions on the issues discussed in this paper, and are invited to participate in the interested parties meeting scheduled for December 1, 2011.

Prepared by the Tax Policy Division, Sales and Use Tax Department
Current as of November 16, 2011

For ease of review, this exhibit shows the amended text without tracked changes.

LOCAL TAXING JURISDICTION REVIEW OF BOARD OF EQUALIZATION RECORDS

901.000

BACKGROUND

901.010

Revenue and Taxation Code (RTC) section 7056(b) allows representatives of jurisdictions imposing taxes under the Uniform Local Sales and Use Tax Law (RTC section 7200, et seq.) and jurisdictions imposing taxes under the Transactions and Use Tax Law (RTC section 7251, et seq.), to view confidential taxpayer records pertaining to the jurisdictions they represent. For a person representing a jurisdiction to gain such access to confidential taxpayer records, the legislative body of the jurisdiction must adopt a resolution designating the representative as a person authorized to view such confidential taxpayer records on the jurisdiction's behalf. Unless the person so designated is an officer or employee of the jurisdiction, the resolution must certify that the designated person has an existing contract with the jurisdiction to examine taxpayer records of the Board of Equalization (BOE) pertaining to the ascertainment of the local or district tax to be collected by the BOE on the jurisdiction's behalf and, pursuant to that contract:

1. May disclose information from those confidential taxpayer records only to an officer or employee of the jurisdiction who is also authorized by the resolution to examine the records;
2. Is prohibited from performing consulting services for a retailer during the term of that contract; and
3. Is prohibited from retaining the information from the confidential taxpayer records after that contract has expired. Information obtained by examination of the confidential taxpayer records may be used only for purposes related to the collection of the local or district tax or for purposes related to other governmental functions of the jurisdiction.

RESOLUTIONS

901.020

The Local Revenue Allocation Unit (LRAU) is responsible for determining whether a particular jurisdiction has adopted a valid resolution authorizing an employee, officer, or other person to view confidential taxpayer records pursuant to RTC section 7056. A duly designated person may only inspect taxpayer records of the jurisdiction(s) that person represents, that is, the person will be given access to file information only for taxpayers with retail sales locations in, or local or district tax allocated to, the particular jurisdiction(s) the person represents. Such information includes files of taxpayers reporting tax to that jurisdiction's countywide pool or taxpayers reporting tax to the statewide pool since the jurisdiction shares in those taxes (note, however, that there is no statewide pool for taxes imposed under the Transactions and Use Tax Law). A representative of a district encompassing more than one county (such as the Bay Area Rapid Transit District) may obtain the countywide pool data for each county within that district.

The Allocation Group (AG) and field offices must verify with LRAU that a person seeking access to confidential taxpayer records on behalf of a jurisdiction imposing local or district tax is authorized by a valid resolution of that jurisdiction and existing contract with that jurisdictions, as applicable, prior to allowing that person access to confidential taxpayer records. This verification may be done by checking the current LRAU Resolution Log, or by telephone or email. If LRAU does not have a copy of the required authorizing document(s) on file, the person

must provide a certified copy of such document(s), which should be faxed or scanned and emailed by AG or the field office to LRAU. LRAU will verify that the document(s) meets all the administrative criteria required to authorize the person to view confidential taxpayer records. If the documents do *not* meet the criteria, the person must be advised that, pending receipt of the applicable document(s), access to confidential file material will be denied.

Questions regarding the validity of resolutions, contracts, or other RTC section 7056 authorization issues should be directed to LRAU.

REQUEST TO REVIEW TAXPAYER RECORDS MAINTAINED BY HEADQUARTERS

901.030

Requests by jurisdiction representatives to review taxpayer records should be forwarded to AG for processing. AG will verify that a valid resolution and contract is on file and will order the requested files from the Taxpayer Records Unit for review. AG will then review each file to locate and remove any information not subject to disclosure prior to presenting the file to the requester for review.

The requester will be required to complete a Form BOE-755, *Authorized Examination of Board Records*, for each file reviewed. The completed BOE-755 should detail the specific documents reviewed, including the time period of returns or other documents. Each completed BOE-755 will then be included in the taxpayer's file.

AG will provide space for the requester's examination of files in an observable area. Upon request, AG will also make copies of file material at no charge.

REQUEST FOR TAXPAYER INFORMATION AT A FIELD OFFICE

901.040

Requests for records maintained at the field office should be forwarded to either the District Principal Auditor or the District Principal Compliance Supervisor, who will confirm with LRAU that a valid resolution and contract is on file. Audit or compliance staff, when contacted directly by a person seeking access to taxpayer records on a jurisdiction's behalf, will inform and consult with the District Principal Auditor or District Principal Compliance Supervisor before acting on the request.

If the request concerns the examination of a field office file and such a file exists, a review of that file will be made to locate and remove any material not subject to disclosure prior to presenting the file to the requester for review. The requester will be given access only to the field office files of taxpayers with retail sales locations in, or for which the retailer allocates local or district tax to, the jurisdiction on behalf of whom the requester is authorized to view confidential taxpayer information. Care will be taken to ensure that the requester is given access only to taxpayer records that pertain to the authorizing jurisdiction.

The requester will complete a BOE-755 for each file reviewed. The completed form should detail the specific documents reviewed and include the time period of tax returns and/or dates of other documents.

The field office will provide space for the examination of files by the requester in an observable area. Upon request, the field office will also make copies of file material at no charge.

The original BOE-755, completed at the field office, will be sent to the taxpayer's file maintained by headquarters. A copy of the form may be included in the taxpayer's field office file.

INFORMATION NOT SUBJECT TO DISCLOSURE

901.050

Information not subject to disclosure includes:

1. Memoranda to or from the Legal Department marked “Confidential: Attorney — Client Privilege.” (See explanation below regarding documents incorrectly marked, or not marked, as confidential.)
2. Memoranda directly related to litigation in which the BOE is a party, including refund and collection actions.
3. Memoranda to or from the Attorney General's office when the Attorney General is acting as the BOE's attorney.
4. Documents which relate to an ongoing criminal investigation.
5. Federal or state income tax returns or any item marked as Federal Tax Information.
6. Any information in the taxpayer's file that does not pertain to that taxpayer.

Internal memoranda, other than those specified above, are normally not to be regarded as confidential unless so marked. However, some documents may not be appropriately marked as confidential. If you question whether a document has been appropriately marked as confidential, or believe that a document should be so marked, contact the author of the document, the BOE's Disclosure Officer, or the Legal Department for guidance.

REQUEST FOR TAXPAYER RECORDS IN IRIS AND ACMS

901.060

There are no circumstances under which a jurisdiction's representative may be given unrestricted or unsupervised access to the IRIS or ACMS systems. In order to request records concerning specific taxpayer payments, the requester must complete a BOE-755, for each IRIS or ACMS account and specify the documents or confidential information being requested. When completed properly, BOE-755 meets the accounting requirements of the Information Practices Act, Civil Code section 1798.25.

Each BOE-755 must be verified to ensure that the requester is authorized to receive information pursuant to the Board of Equalization Administrative Manual sections 7207 – 7214 or RTC section 7056. The requestor must sign and date the BOE-755.

Using IRIS or ACMS, a BOE employee will access the requested information, e.g., 2QXX local tax breakdown, and the representative can then record the amount of local tax allocated to that particular jurisdiction, or other information as specified on the BOE-755.

PROCESS FOR REVIEWING LOCAL TAX REALLOCATION PETITIONS

905.000

Regulation 1828 applies to appeals of distributions under the Transactions and Use Tax Law and is essentially identical to Regulation 1807; for convenience, this CPPM chapter only refers to Regulation 1807.

DEFINITIONS

905.010

Petition

A "petition" is a written request or inquiry from a jurisdiction for investigation of suspected misallocation of local tax or district tax submitted to AG, except for a submission under RTC section 6066.3. (See CPPM 905.090 for RTC section 6066.3 submissions.) The petition must contain sufficient factual data to support the probability that local tax has been erroneously allocated and distributed. Sufficient factual data should include, for each business location being questioned:

1. Taxpayer name, including owner name and fictitious business name or dba (doing business as) designation.
2. Taxpayer's permit number or a notation stating "No permit number."
3. Complete business address of the taxpayer.
4. Complete description of taxpayer's business activity or activities.
5. Specific reasons and evidence why the taxpayer's allocation is questioned. If the petition alleges that the location of the sale is an unregistered location, evidence that the unregistered location is a selling location or is a place of business, as defined by Regulation 1802, *Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes*. If the petition alleges that the tax for a sale shipped from an out-of-state location was actually sales tax and not use tax, evidence that there was participation in the sale by an in-state office of the retailer and that title to the goods passed to the purchaser inside California.
6. Name, title, and phone number of the contact person.
7. The tax reporting periods involved.

"Petition" also includes an appeal by a jurisdiction based on a notification from LRAU that local taxes or district taxes previously allocated to it were misallocated and will be reallocated. If LRAU has a valid resolution and contract on file authorizing a representative of the jurisdiction to view confidential taxpayer information under RTC section 7056, LRAU will also send this notification to that representative.

A jurisdiction receiving such a LRAU notification may object to that notification by submitting a written petition to the AG supervisor within 30 days of the date of mailing of the notification or within a period of extension described below. The petition must include a copy of the notification and specify the reason the jurisdiction disputes it. If a jurisdiction does not submit such a petition within 30 days of the date of mailing of the notification, or within a period of extension, the notification by LRAU is considered final as to the jurisdiction so notified.

The jurisdiction may request a 30-day extension to submit a written objection to a notification of misallocation from LRAU. Such a request must provide a reasonable explanation for the requesting jurisdiction's inability to submit its objection within 30 days and must be received by LRAU within 30 days of the date of mailing of its notification. Within five days of receipt of the request, LRAU will mail notification to the jurisdiction whether the request is granted or denied. If a timely request for an extension is submitted, the time for the jurisdiction to file a written objection is extended to 10 days after the mailing of the notice of whether the request is granted or denied. If the request is granted, the time for the jurisdiction to submit a written objection to the notification of LRAU is further extended to the 60th day after the date of mailing of the notification of misallocation.

Substantially Affected Jurisdiction

A “substantially affected jurisdiction” is a jurisdiction for which the decision on a petition would result in a decrease to its total allocation of 5 percent or more of its average quarterly allocation (generally determined with reference to the prior four calendar quarters) or of \$50,000 or more, and includes a jurisdiction whose allocation will be decreased solely as the result of a reallocation from the statewide and applicable countywide pools. How jurisdictions are identified as substantially affected based on disputed pool allocations is discussed below.

Notified Jurisdiction

A “notified jurisdiction” is a jurisdiction that has been notified as a substantially affected jurisdiction. Once a jurisdiction is properly notified as a substantially affected jurisdiction, it maintains its status as a notified jurisdiction throughout the appeals process.

Note that the reallocation period may extend to the current day if the subject taxpayer remains engaged in the same activities covered by the petition, in which case, for purposes of this calculation, the reallocation period is regarded as extending through the end of the last quarter for which a return is filed prior to the finality date of the appeal. In such circumstances, the longer the appeals process takes to resolve, the more local tax will be at issue. Thus, a jurisdiction that is not substantially affected at one point in the appeals process can later become a substantially affected jurisdiction as the petition is appealed and time passes. For example, a jurisdiction that is not substantially affected when AG issues its supplemental decision may be substantially affected, and thus notified, at the time when the Decision and Recommendation is issued. Similarly, if a hearing is timely requested, a jurisdiction that is not notified as a substantially affected jurisdiction when the oral hearing notice is issued may later become substantially affected because the oral hearing is postponed or rescheduled and thus requires notification. Further, a jurisdiction not previously notified as substantially affected, will be notified if it becomes substantially affected upon discovery of an error in the original notice, or upon granting a petition for rehearing when the notice for rehearing is issued.

For a reallocation that would be made of amounts originally allocated through a countywide pool, the calculation of whether a jurisdiction must be notified as a substantially affected jurisdiction is not based on the actual amount that was originally allocated to that jurisdiction through its countywide pool, or on the amount that may be reallocated if the ultimate decision is to reallocate funds, but rather is based on the “Pool Notification Threshold List” maintained and updated annually by LRAU. This list will be posted to the BOE’s web site each calendar year when it is available.

This document lists, for each jurisdiction, the amount of countywide pool funds whose reallocation would result in the loss of sufficient revenue by that jurisdiction for it to constitute a

substantially affected jurisdiction. The calculation is based on the average percentage of the countywide pool the jurisdiction received for the four calendar quarters of the year prior to the year of the list (e.g., the 2011 list is based on the four calendar quarters of 2010). That percentage is then used to determine the specific amount of countywide pool funds whose reallocation would result in a decrease in revenue to the jurisdiction of \$50,000.00, and the specific amount of countywide pool funds whose reallocation would result in a decrease in revenue to the jurisdiction of 5 percent or more of its average quarterly allocation (also based on the four calendar quarters prior to the year of the list). The lower of these two figures is the dollar amount of pool funds whose reallocation would result in that jurisdiction's being substantially affected, and is the amount used for that jurisdiction in establishing the Pool Notification Threshold List.

The first step in determining which jurisdictions must be notified because they are substantially affected by a decision is to determine the amount of funds from the applicable countywide pool that the decision recommends be reallocated. If this amount is equal to or less than the threshold amount, that jurisdiction will be substantially affected by the decision and must be notified. For example, if AG issues a decision finding that a petition should be granted reallocating \$1,070,000.00 of County A's pool funds, it would notify all jurisdictions sharing in the countywide pool of County A whose threshold amount reflected on the applicable list is equal to or less than \$1,070,000.00. (The same analysis is done to decide who must be notified of an appeals conference or Board hearing, except the comparison is to the amount of pool funds that would be reallocated if the petition is granted or denied.)

Thereafter, if a decision to reallocate funds originally allocated through a countywide pool becomes final, the actual amount reallocated will be based on the percentage of the pool that each pool participant receives for the quarter prior to the quarter in which the reallocation is made. Upon request, the petitioner or any substantially affected jurisdiction will be furnished copies of the calculations made to determine the parties to be notified.

SUBMITTING PETITIONS

905.020

To expedite processing, requests should be submitted by the petitioning jurisdiction on Form BOE-549-L, *Claimed Incorrect Distribution of Local Tax - Long Form*, or Form BOE-549-S, *Claimed Incorrect Distribution of Local Tax - Short Form*. Form BOE 549-L is used for complex local tax reallocation issues such as sales tax vs. use tax, place of sale, or other complex issues where more information is needed. Form BOE 549-S is used for simple tax reallocation questions having to do with taxpayers' business addresses or other less complex matters. These forms are available on the BOE website. The minimum threshold for processing fund transfers is \$250 per quarter.

The exception to these threshold amounts is for tax area code (TAC) changes. When there is a change to the TAC assigned to a taxpayer's address, BOE's computer system will automatically process fund transfers for periods that have been funded within two quarters prior to the date of the change regardless of whether the threshold was met in those quarters.

All petitions are to be sent directly to headquarters, rather than to a field office. Petitions should be mailed to:

Allocation Group
Board of Equalization
450 N Street, MIC 39
PO Box 942879
Sacramento, CA 94279-0039

(For submissions under RTC section 6066.3, see CPPM 905.090.)

ACKNOWLEDGMENT OF PETITION

905.030

AG will acknowledge petitions within 30 calendar days of receipt by the Board. Petitions will be logged in by permit number (if any), jurisdiction (if known), and representative (if any).

Within 30 days of the acknowledgement, AG will review the petition for completeness. If the submission does not contain the elements identified in Regulation 1807(a)(3), the submission will be returned to the submitting jurisdiction. The jurisdiction will have 30 days from the date of the correspondence from AG requesting the missing information to make a supplemental submission. If the supplemental submission contains the necessary elements in Regulation 1807(a)(3), then the date of receipt of the original submission will be the date it is regarded as a valid petition. In the event that a submission is not perfected within this 30 day period, the submission will not qualify as a valid petition.

DATE OF KNOWLEDGE

905.040

Unless an earlier date is operationally documented by the BOE, the date AG receives a valid petition is the "date of knowledge," which is a date that is critical for determining the beginning of the allocation period. (RTC section 7209 (statute of limitations for these petitions)). Where a misallocation that is reasonably covered by the petition is confirmed based on additional facts or evidence supplied by the petitioner or otherwise learned as a direct result of investigating the petition, the date of knowledge remains the date AG received the valid petition.

A potential misallocation is "operationally documented" when a BOE employee questions the allocation based on information contained in the Board files *and* provides sufficient factual data to support the probability that local tax has been erroneously allocated and distributed. In other words, a date of knowledge is operationally documented when two conditions are satisfied: (1) an employee of the Board discovers factual information sufficient to support the probability that an erroneous allocation of local tax may have occurred, and (2) the Board employee questions and documents that suspected erroneous allocation. The operationally documented date of knowledge will be the date the employee documents the date on which the distribution was questioned, such as the date it completes a BOE-523 form, *Tax Return and/or Account Adjustment Notice*, (see CPPM 335.000) or a LRAU goldenrod, and references the data that supports the suspected misallocation.

If a petition regarding suspected improper distribution of local tax under the procedures set forth above and a submission under RTC section 6066.3 are both filed for the same alleged improper distribution, only the earliest submission will be processed as a valid appeal, with its date of receipt establishing the date of knowledge for the alleged improper distribution (unless there is an even earlier operationally documented date of knowledge).

REVIEW BY AG

905.050

Investigation

Petitions will be coded for type of alleged misallocation and assigned to an auditor. Assignments may coincide with investigations handled by LRAU. (Note that for assignments coinciding with investigations handled by LRAU, the LRAU Supervisor may be consulted.)

AG staff will use form BOE-414-Z, *Assignment Activity History*, to record contacts, requests, staff actions, and other relevant events. For example, the BOE-414-Z should be used to record:

- Appointments made – record date, time, and purpose of the appointment.
- Appointments cancelled or rescheduled – record who requested the change and the reason for the request.
- Correspondence – record all letters and other materials given to and received from jurisdictions and taxpayers.
- Emails – record email contacts including a summary of the discussion or agreement; emails should not be copied directly into the BOE-414-Z.
- Record requests – record all requests for records from taxpayers including the deadline given (usually 45 days).
- Referral to field office – record date referred and appropriate follow-up date (30 days for in-state field offices and 60 days for out-of-state field offices).

The auditor will attempt to resolve all petitions through communication with the taxpayers including contacting the "contact person" identified in the petition or other such taxpayer personnel. If for some reason a satisfactory response cannot be obtained, the petition may be referred to the appropriate field office for action. The petition will be discussed with the AG supervisor and the petitioner will be notified before a petition is referred to a field office. Referrals to the field office will include specific instructions to field office staff for the information sought. A copy of any correspondence will be sent to the petitioner.

The AG lead and AG supervisor will review the status of petitions as the petitions age. The AG lead will follow-up monthly with staff for any assignments aged 180 - 270 days. The AG supervisor will follow up on assignments aged greater than 270 days.

Initial Decision

After a petition has been investigated, AG will prepare a written decision to grant the petition, deny the petition, or grant the petition in part and deny it in part. The written decision will include the basis for that decision and the date of knowledge, and if that date is other than the date the petition was received, will include the basis for that date. AG will send its decision to the petitioner and, if applicable, any substantially affected jurisdiction.

If a petition is denied, in whole or in part, the petitioner may submit to AG a written objection to the decision, and if the petition is granted, in whole or in part, a notified jurisdiction may likewise submit to AG a written objection to the decision. Any such objection must be submitted within 30 days of the date of mailing of AG's decision, or within a period of extension as explained below.

If no timely objection is submitted, the AG decision is final as to the petitioner and all notified jurisdictions.

Delayed Investigation – Petitioner’s Recourse

If AG does not issue a decision within six months of the date it receives a valid petition, the petitioner may request that AG issue its decision without regard to the status of its investigation. Within 90 days of receiving such a request, AG will issue its decision based on the information in its possession.

Second Review by AG

If the petitioner or a notified jurisdiction submits a timely written objection to the AG decision, AG will consider the objection and issue a written supplemental decision to grant the objection, deny the objection, or grant the objection in part and deny it in part, along with the basis for that decision. A copy of the supplemental decision will be mailed to the petitioner, to any notified jurisdiction, and to any other jurisdiction that is substantially affected by the supplemental decision.

The petitioner or any notified jurisdiction may appeal the AG supplemental decision by submitting a written objection to AG within 30 days of the date of mailing of the supplemental decision (or within a period of extension as explained below). Such an objection must state the basis for the objecting jurisdiction’s disagreement with the supplemental decision and include all additional information in its possession that supports its position. If the petitioner or any notified jurisdiction timely appeals the AG supplemental decision, AG will prepare the file and forward it to the Appeals Division within 30 days of receipt of the objection.

If no timely objection is submitted, the AG supplemental decision is final as to the petitioner and all notified jurisdictions.

Delayed Investigation – Petitioner’s and Notified Jurisdictions’ Recourse

If AG does not issue a supplemental decision within three months of the date it receives a timely objection to the AG decision, the petitioner or any notified jurisdiction may request that AG issue its supplemental decision without regard to the status of its investigation. Within 60 days of receiving such a request, AG will issue its supplemental decision based on the information in its possession.

Extensions of time

The petitioner or any notified jurisdiction may request a 30-day extension to submit a written objection to either a decision or supplemental decision issued by AG. The request must:

1. Provide a reasonable explanation for the requesting jurisdiction’s inability to submit its objection within 30 days,
2. Be copied to all other jurisdictions to whom AG mailed a copy of its decision or supplemental decision, and
3. Be received by AG within 30 days of the date of the decision or supplemental decision.

Within five business days of receipt of the request, AG will mail notification to the petitioner and all notified jurisdictions whether the request is granted or denied. If the request is granted, the time for the petitioner and all notified jurisdictions to submit a written objection is extended to the 60th day after the date of the mailing of AG’s decision or supplemental decision. If the request for extension is denied, the time for the petitioner and any notified jurisdiction to file an objection

AG's decision or supplemental decision is extended to 10 days after the mailing of the notice denying the extension.

REVIEW BY APPEALS DIVISION

905.060

Where AG has forwarded a file to the Appeals Division for the holding of an appeals conference, the Appeals Division will coordinate with the Case Management Section of the Board Proceedings Division, who will schedule the appeals conference and mail notice of that conference to the petitioner, all notified jurisdictions, any other jurisdiction that would be substantially affected if the petition were granted or denied, and AG. Generally, appeals conferences are scheduled in the order received by the Appeals Division.

Return of Petition to AG

The petitioner or any notified jurisdiction may continue to discuss the dispute with AG staff after the petition is referred to the Appeals Division. If, as a result of such discussions or otherwise, AG decides its supplemental decision was incorrect or that further investigation is warranted, it will so notify the Appeals Division, the petitioner, and all notified jurisdictions.

If AG sends such notice to the Appeals Division no later than 30 days prior to the appeals conference, the Appeals Division will suspend its review and will return the petition to AG. Thereafter, AG will issue a second supplemental decision, or will return the petition to the Appeals Division along with a report of its further investigation, if appropriate, for the review and decision of the Appeals Division.

If AG sends such notice to the Appeals Division less than 30 days prior to the appeals conference, the Appeals Division will decide whether the petition should be returned to AG or should remain with the Appeals Division, and will notify the parties accordingly. If the petition is returned to AG, AG will thereafter issue a second supplemental decision, or will return the petition to the Appeals Division along with a report of its further investigation, if appropriate, for the review and decision of the Appeals Division.

Where AG issues a second supplemental decision, it will send a copy of the decision to the petitioner, any notified jurisdiction, and any other jurisdiction that is substantially affected by the second supplemental decision, any of whom may appeal the second supplemental decision by submitting a written objection within 30 days of the date of mailing of that supplemental decision, or within a period of authorized extension. If no such timely objection is submitted, the second supplemental decision is final as to the petitioner and all notified jurisdictions.

Appeals Conference

The appeals conference is not an adversarial proceeding, but rather is an informal discussion where the petitioner, any notified jurisdictions who wish to participate, and AG have the opportunity to explain their respective positions regarding the relevant facts and law to the Appeals Division conference holder. See Regulation 1807(c)(3) for procedures for local tax appeals.

Decision and Recommendation

The appeals conference holder will notify the conference participants when the final submission of information authorized by Regulation 1807(c)(3) is received following the appeals conference. Within 90 days after the final submission, the Appeals Division will issue a written Decision and Recommendation (D&R) setting forth the applicable facts and law, and the conclusions of the Appeals Division. The Board's Chief Counsel may allow up to 90 additional days to prepare the

D&R upon request of the Appeals Division. Both the request and the Chief Counsel's response granting or denying the request for additional time must be in writing and copies provided to the petitioner, all notified jurisdictions, and AG. A copy of the D&R will be mailed to the petitioner, to all notified jurisdictions, to any other jurisdiction that will be substantially affected by the D&R, and to AG.

Request for Board Hearing

The petitioner or any notified jurisdiction may appeal the D&R by submitting a written request for Board hearing within 60 days of the date of mailing of the D&R. Such a request must state the basis for the jurisdictions' disagreement with the D&R and include all additional information in its possession that supports its position.

Request for Reconsideration

The petitioner, any notified jurisdiction, or AG may also appeal the D&R by submitting a written request for reconsideration (RFR) to the Appeals Division within the same 60-day period during which a timely request for hearing may be submitted. If an RFR is submitted within this period, the Appeals Division will issue a Supplemental D&R (SD&R) to consider the request, after obtaining whatever additional information or arguments from the parties that it deems appropriate. Where a Board hearing has been timely requested and an RFR is submitted more than 60 days after the mailing of the D&R, the Appeals Division will determine whether it should issue an SD&R in response. If not, a Board hearing will be held pursuant to the prior request.

Supplemental Decision and Recommendation

Whether or not an RFR is submitted, at any time prior to the time the recommendation in the D&R or prior SD&R is acted on by AG as a final matter or the Board has held an oral hearing on the petition, the Appeals Division may issue an SD&R as it deems necessary to augment, clarify, or correct the information, analysis, or conclusions contained in the D&R or any prior SD&R. However, in the rare circumstance where the members of the Board at an oral hearing request that the Appeals Division hold another conference, the Appeals Division will issue an SD&R.

Where the Appeals Division issues an SD&R (whether because an RFR was filed within 60 days of the mailing of the D&R or a prior SD&R or because the Appeals Division decides issuance of an SD&R is appropriate in response to a "late" RFR or on its own initiative), a copy of the SD&R will be mailed to the petitioner, to all notified jurisdictions, to any other jurisdiction that will be substantially affected by the SD&R, and to AG. The procedures for appealing the SD&R (i.e., requesting a Board hearing or reconsideration) are the same as those for appealing a D&R.

Finality of D&R or SD&R

If no RFR or request for Board hearing is submitted within 60 days of the date of mailing of the D&R or any SD&R, the D&R or SD&R (as applicable) is final as to the petitioner and all notified jurisdictions unless the Appeals Division issues a SD&R prior to the time AG acts on the recommendation in the D&R or prior SD&R as a final matter.

REVIEW BY BOARD MEMBERS

905.070

If the petitioner or any notified jurisdiction submits to the Board Proceedings Division a timely written request for Board hearing (i.e., within 60 days of the date of mailing of the D&R or SD&R) the Board Proceedings Division will notify AG, the petitioner, any notified jurisdiction, any other jurisdiction that would be substantially affected if the petition were granted, and the

taxpayer(s) whose allocations are the subject of the petition, that the petition for reallocation of local tax is being scheduled for a Board hearing to determine the proper allocation.

AG, the petitioner, and all jurisdictions notified of the Board hearing are parties to the Board hearing. The taxpayer, however, is not a "party" to the Board hearing unless it actively participates in the hearing process by either filing a brief or making a presentation at the hearing.

To the extent not inconsistent with Regulation 1807, the hearing will be conducted in accordance with Chapter 5 of the Board of Equalization Rules for Tax Appeals (Regulations 5510 - 5576). Briefs may be submitted for the hearing in accordance with the Rules for Tax Appeals (Regulations 5270 - 5271). (Note that no party to the hearing is required to file a brief; submission of a brief is entirely optional.) The party who requested the Board hearing may file an opening brief with the Chief of Board Proceedings no later than 55 days before the Board hearing. The brief must contain a statement of the facts and issues and a discussion of applicable legal authorities. When an opening brief is filed, the other party may file a reply brief with the Chief of Board Proceedings no later than 35 days before the Board hearing.

Only the jurisdiction(s) requesting the hearing can file an opening brief, and AG and any opposing jurisdiction(s) may file a reply brief only if the jurisdiction requesting the hearing or taxpayer actually files an opening brief. Since a taxpayer is specifically authorized by Regulation 1807, subdivision (d)(3), to become a party by filing a brief, a taxpayer may file a brief even though it is never the party who requested a hearing in reallocation matters and even if the jurisdiction(s) that did request the hearing does not file an opening brief.

The filing of the opening and reply briefs generally completes the pre-Board hearing briefing. However, if, *and only if*, the reply brief raises a new issue or argument, any other party may file a response brief with the Chief of Board Proceedings no later than 20 days before the Board hearing.

The Board's final decision on the petition exhausts all parties' administrative remedies on the matter.

LIMITATION PERIOD FOR REDISTRIBUTIONS

905.080

Redistributions (also known as reallocations) cannot be made of amounts originally distributed earlier than two quarterly periods prior to the quarter of the date of knowledge. (RTC section 7209, Reg. 1807(e).) It should be noted that this does *not* generally mean that the redistribution is limited to taxes incurred two quarters prior to the date of knowledge because this period is based on the date of *distribution*, not the date the tax was incurred, or the date the tax was remitted to the BOE. Generally, distributions are made the quarter following the period for which the tax is reported and paid. Taxes generally must be reported and paid by the last day of the month following the quarter incurred. Thus, the two-quarter limitation period for redistribution of local tax, which is based on the distribution date, allows redistributions of local tax *incurred* during the three quarters immediately preceding the calendar quarter of the date of knowledge.

For example, on March 15, 2008, City A files a petition for reallocation of local tax, asserting that in November 2006, a specific taxpayer who opened a business making over-the-counter retail sales in City A has not allocated any local tax to City A. AG issues a decision granting the

petition based on its findings that petitioner is correct and that the taxpayer timely reported and paid local tax, but improperly allocated the tax to City B. The petition date, March 15, 2008, is the date of knowledge. Since that is in the first quarter 2008, the limitation period extends back two more quarters, to distributions made during the third quarter 2007. Since the local taxes for the second quarter 2007 were distributed during the third quarter 2007, pursuant to the decision of AG, local tax will be reallocated to City A beginning with the local taxes incurred during the second quarter 2007, beginning April 1, 2007. The local tax incurred by the taxpayer's location in City A for the periods prior to April 1, 2007 (i.e., November 2006 through March 2007) were reported and paid with the return due January 31, 2007, and April 30, 2007, and those taxes were distributed during the first and second quarters 2007, respectively, *more than two quarters* prior to the quarter of the date of knowledge. Therefore, reallocation of such taxes is barred.

The discussion above is based on the taxpayer's actual payment of tax when due. However, the BOE cannot distribute local tax until such tax is remitted by the taxpayer. Thus, where a taxpayer files a timely "non-remittance" return (without payment of the reported tax due) with all required local tax allocation schedules, there is no local tax revenue to distribute. When these funds are remitted, they will be distributed in accordance with the taxpayer's return, and it will be that date of actual distribution that is relevant for purposes of the date of knowledge analysis, *not* the date the tax was incurred. For example, using the same facts as in the prior paragraph except that the taxpayer filed a non-remittance return for the fourth quarter 2006 (November and December 2006), not paying that amount until June 15, 2007. The taxpayer timely paid the tax reported on all later returns. Thus, since the taxes incurred for the fourth quarter 2006 were not paid until June 2007, they were not distributed until the third quarter 2007, reallocation of such taxes is permitted for the date of knowledge in the first quarter 2008. However, since the taxes incurred for the next quarter (first quarter 2007) were distributed more than two quarters prior to the quarter of the date of knowledge (i.e., distributed during the second quarter 2007), reallocation of such local tax is barred.

The following schedule shows the remittance and distribution dates for a typical four-quarter period. The term "Remittance Date" means the date on which the BOE receives a taxpayer remittance. The term "Distribution Date" means the quarter in which the BOE makes payment of revenue to local jurisdictions. Distributions are made four times per year, on the first Friday of March, June, September, and December.

Remittance Date	Distribution Date
Feb. 13 – May 13	2 nd Quarter
May 14 – Aug 13	3 rd Quarter
Aug. 14 – Nov. 13	4 th Quarter
Nov. 14 – Feb. 12	1 st Quarter

APPLICATION TO RTC SECTION 6066.3 SUBMISSIONS

905.090

The procedures set forth above are in addition to, but separate from, procedures established under the authority of RTC section 6066.3. That section authorizes each jurisdiction to collect and transmit to the BOE information from persons desiring to engage in business in that jurisdiction for the purpose of selling tangible personal property. The information submitted serves as (1) a preliminary application for seller's permit, (2) notification to the BOE by the local jurisdiction of a person desiring to engage in business in that jurisdiction for the purpose of selling tangible personal property, and (3) notice to the BOE for purposes of redistribution.

Where a petition regarding suspected improper distribution of local tax is filed under the procedures established under Regulation 1807 and a submission is also made under RTC section 6066.3 for the same alleged improper distribution, only the earliest submission will be processed, with the date of knowledge established under the procedures applicable to the earliest submission. The procedures set forth in subdivisions (b), (c), and (d) of Regulation 1807, which are discussed above, also apply to appeals from reallocation determinations made under RTC section 6066.3.

KNOWLEDGE OF INCORRECT LOCAL TAX ALLOCATIONS OTHER THAN FROM PETITIONS BY LOCAL JURISDICTIONS AND REPRESENTATIVES

906.000

FIELD OFFICE RESPONSIBILITY

906.010

As explained in CPPM 905.040, a BOE employee who discovers an error in the allocation of local tax should record the date that knowledge of the error was obtained.

If an error in allocation of local tax is discovered by the field office, the auditor or field staff should confine his or her report of the necessary redistribution to amounts originally distributed within the limitation period, as explained above, which generally consists of tax reported for the three quarters immediately preceding the quarter in which the error was discovered unless the field office file contains evidence of late returns and payments on billings, in which case, the extent of the limitation period should be determined based on the schedule in CPPM 905.080. If there is any question regarding the extent of the limitation period, the auditor or field representative should report only tax for the aforementioned three quarterly periods and depend on headquarters' review for notification if additional information is needed. However, every effort should be made to determine all amounts to be redistributed during the original field investigation. For additional instructions regarding Form BOE-414-L Auditor's Work Sheet Local Sales and Use Tax Allocation, see Audit Manual 0209.00.

HEADQUARTERS RESPONSIBILITY

906.015

Redistributions in Headquarters will be subject to the same review as redistributions that are received from field offices.

Allocation Group (AG)

In general, AG will make all redistributions of local tax and district taxes as a result of petitions from jurisdictions. AG has the responsibility to examine all reports of errors in distribution that are received from field offices (BOE audits, reaudits, field billing orders, petitions from jurisdictions, and submissions under RTC section 6066.3) and verify by an examination of the master file, or any other records in Headquarters, that the report includes all amounts within the limitation period. If this examination discloses that the limitation period extends beyond the point covered by the report and information regarding the amount to be redistributed cannot be determined from the records in Headquarters, the necessary additional information will be requested from the field office.

Local Revenue Allocation Unit (LRAU)

LRAU handles redistributions of local tax and district taxes discovered during reviews of returns, as well as redistributions resulting from corrections to the Tax Area Codes, exclusive of BOE audits, reaudits, FBO's, petitions from jurisdictions (see CPPM 905.000), and submissions under RTC section 6066.3 (see CPPM 905.090). LRAU processes all field audit redistributions of district taxes submitted by field offices.